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EMERGING ELEMENTS OF AN INCLUSIVE GROWTH FRAMEWORK

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The Debate on Inclusive Growth a Necessity

Given the context of rising food and fuel prices

Rising Gini Coefficients- increasing inequalities

Growth models point to increase in inequality as growth occurs

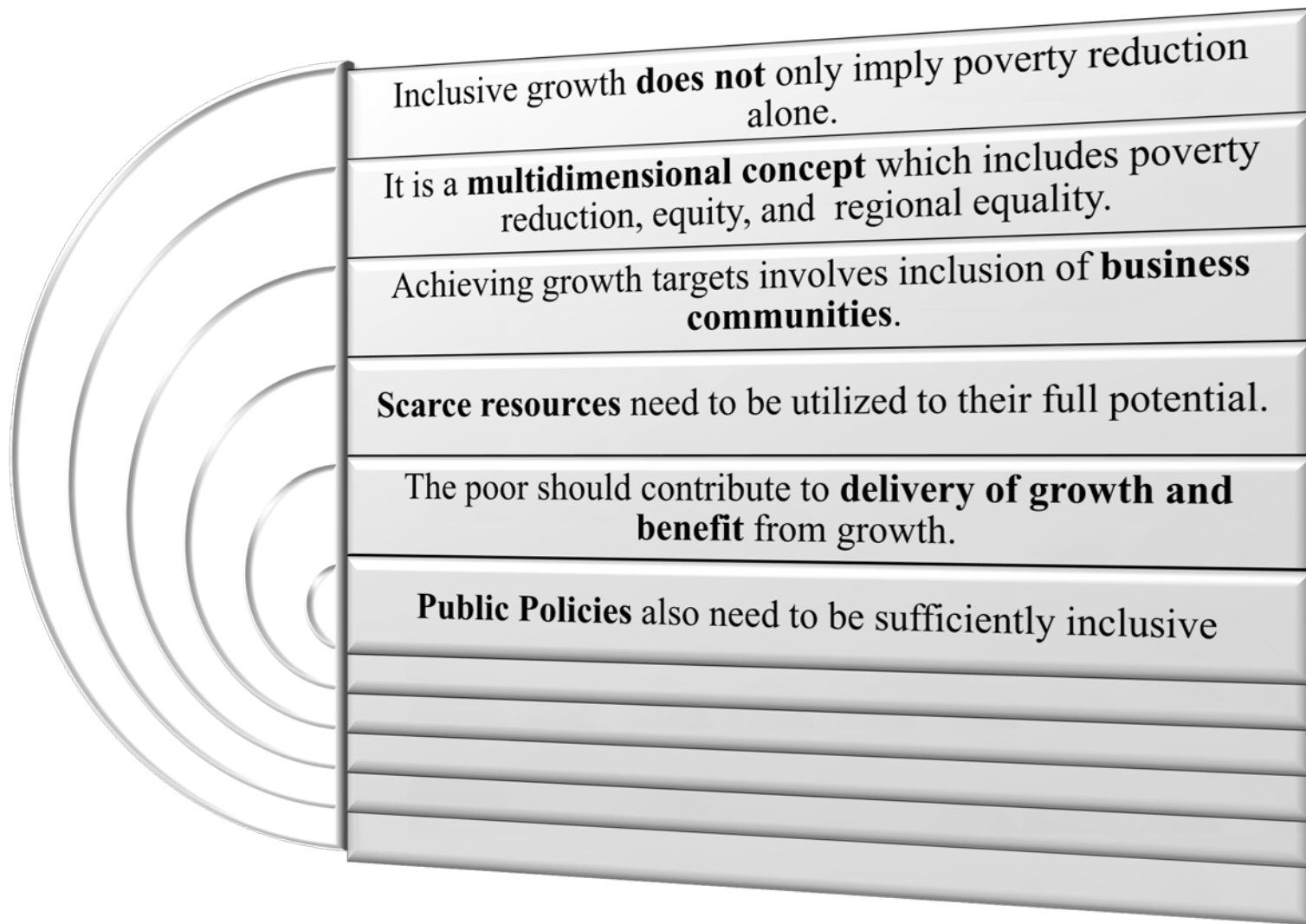
Need for better understanding of the concept to aid emergence of a theoretical framework

Lack of theoretical underpinnings of the concept of inclusive growth is a severe constraint

Inclusive Growth : The Conceptual Underpinnings



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Inclusive Growth :

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Exchanges between agents such as households, individuals or Governments are sustainable if all parties gain from them

Inclusive growth reduces poverty, is **labor intensive** & reduces **inequality** across regions and **socio-economic groups**

It opens up **opportunities** for the excluded – not as beneficiaries but as partners in growth process

Inclusion of **environmental factors** and **unpaid work** need to be central to the policy framework

Inclusive growth needs a **medium to long term** perspective

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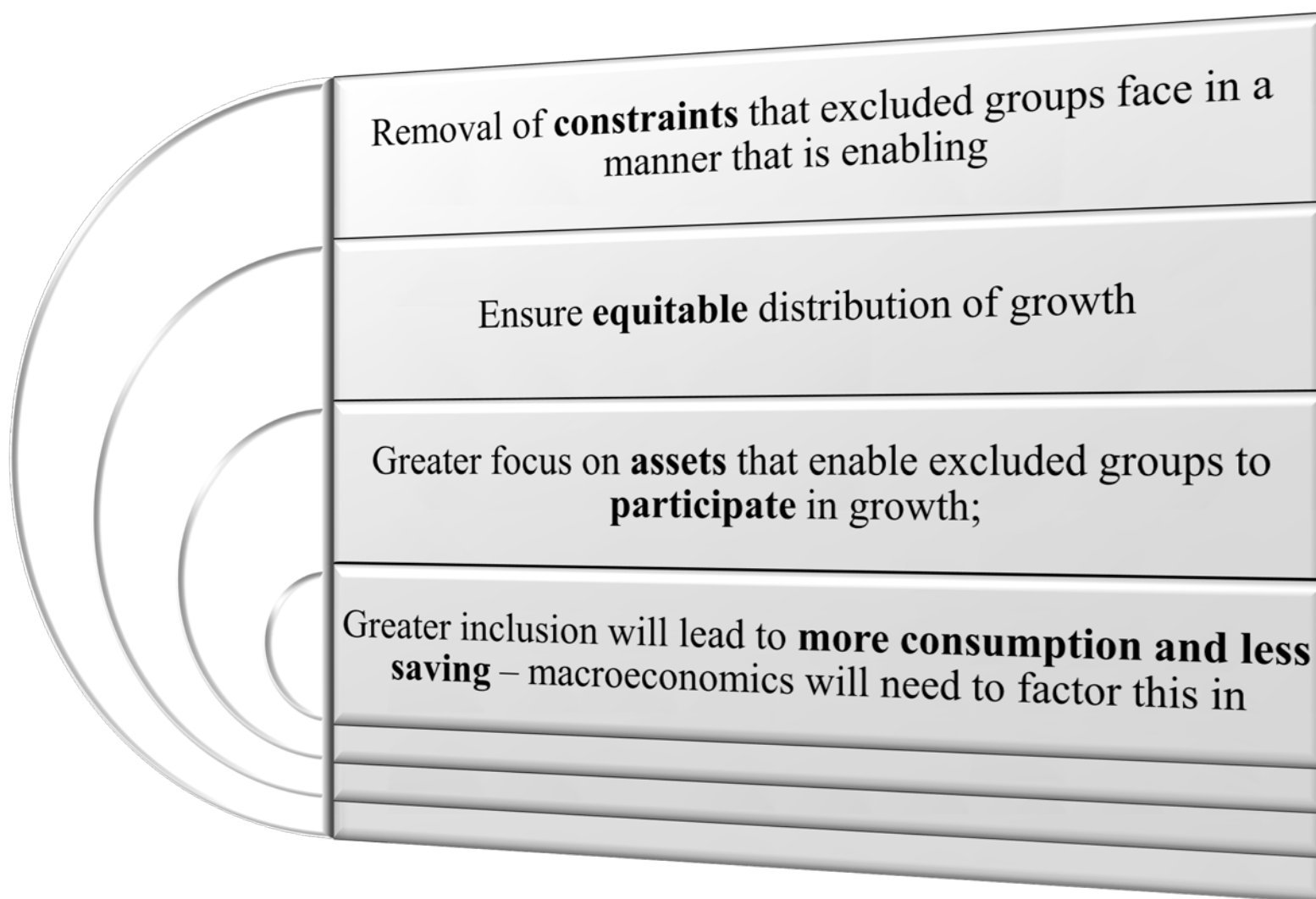
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Inclusive Growth : The Conceptual Underpinnings



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Measuring Inclusive Growth



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1. Inclusive growth is difficult to track- data comes in after significant time lags
2. Definition of Growth itself needs to be reviewed (measure of consumption hides issue of exclusion)
3. Important to assess changes in poverty incidence and growth in income for socio religious and economic groups
4. Innovative measures to check for progressivity and equity - vertical equity index (VEI), Horizontal Equity index (HEI) using concentration coefficients required.
5. Inclusive Growth - Basic indicators to track-
 - a) quality and sustainable employment of people
 - b) Successful completion of class 10th
 - c) Health- more inclusive indicators beyond MMR and IMR and take indicators from NHRM
 - d) universal access to affordable energy

Policy Responses

- Focus on **sectors where poor work**, where they are located and use factors of production that the poor possess
- Keep **prices of food and other basics low**
- Include **distribution aspect** into the main analytical frame.
- Create scope for **equitable distribution** of resources, basic social services including better social security, especially women
- Start from people's **endowments**, link them to productivity and facilitate positive progression
- Form **Group specific** policies – caste, scheduled tribe, religious minorities . **Quotas** for scheduled castes and scheduled tribes in government needs to be explored further –role of government and CSOs to address discrimination
- Employment and entrepreneurship making **poorer sections more productive** - Build on 'youth dividend'

Policy Responses



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- Focus on **agriculture** for small farmers particularly most excluded – enhance productivity and make agriculture sustainable – a multipronged strategy involving access to land, inputs, credit, infrastructure, marketing support, skill training and entrepreneurship
- Explore scope of **Government transfers** – as in Brazil and Mexico along with universal rights to basic education and basic health
- **Allocation of resources** a major issue - difficult to decide between spending that satisfies all sections or support the programs that are already doing well
- Address issues of **exclusion** in provision of education and health services

Policy Responses

- **Institutional mechanisms** to deal with excess supply of unskilled labor- provision of education, skill based training
- **Employment** and enterprise to be brought closer to the place of residence
- **Urban issues** need to be addressed –access to land and housing
- **Governance issues:** inefficient public spending, lack of coordination between federal and provincial governments.
- Address **institutional failure** in sectors that matter most to the poor



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Policy Responses

- Improved governance systems including use of right to Information ensuring **transparency and information technology** could be used more effectively for delivery of basic education and health services
- **Capabilities** need to be enhanced as an end in itself
- **Private sector** to be regulated to ensure transparency and competition to ensure that it contributes to enhancing productivity, efficiency, innovation and employment
- **Trust deficit** in political economy needs to be addressed



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THANK YOU !